



Office of the
Healthcare
Advocate

STATE OF CONNECTICUT

Testimony of Ted Doolittle
Office of the Healthcare Advocate
Before the Insurance and Real Estate Committee
Re HB 7174
February 28, 2019

Good morning, Senator Lesser, Representative Scanlon, Senator Kelly, Representative Pavalock-D'Amato, and members of the Insurance and Real Estate Committee. For the record, I am Ted Doolittle, Healthcare Advocate for the State of Connecticut. The Office of the Healthcare Advocate ("OHA") is an independent state agency with a consumer-focused mission: assuring consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health plans; assisting consumers in disputes with their health insurance carriers; and informing legislators and regulators regarding problems that consumers are facing in accessing care, and proposing solutions to those problems.

I appreciate the opportunity to comment on HB 7174, An Act Concerning Prescription Drugs. HB 7174 has several components that, collectively, seek to constrain the excessive growth in the cost of pharmaceuticals. First, HB 7174 would authorize the Comptroller to establish a prescription drug purchasing program, which would utilize the purchasing power of the Comptroller's office to acquire drugs at fair prices on behalf of pharmacies and other program participants. In addition, HB 7174 would expand the number of employers who are able to purchase drugs for their employees under the state's purchasing authority to include self-insured private employers. HB 7174 would also increase transparency within the pharmaceutical manufacturing industry by requiring public disclosure of agreements designed to delay introduction of generic medications into the consumer marketplace. Next, HB 7174 would establish a drug reimportation program

designed to acquire drugs at lower costs. Finally, HB 7174 would limit the ability of insurers and pharmacy benefit managers to claw back payments to pharmacies for previously dispensed prescription drugs.

Overall, the framework created by HB 7174 is strong, and addresses many of the weaknesses in the prescription drug market that contribute to unreasonably high drug prices. By increasing the purchasing power of the Comptroller's office, in making its purchasing programs available to what amounts to the vast majority of consumers in the state, drug manufacturers will be compelled to redirect their revenue generation efforts on quality and volume, as opposed to pricing. Similar results would be anticipated from a drug reimportation program, which would expand the number of sources from which a particular drug may be acquired.

In addition, manufacturers who seek to limit their competition for particular products, by colluding with other manufacturers, will nonetheless have to adapt to a decrease in demand, which would necessarily result from HB 7174's ceiling on the prices that consumers may be charged for such drugs. On this particular aspect of HB 7174, I would urge the General Assembly to move cautiously, as the current limitation will also have a tendency to push important life-sustaining medications off-formulary, in which case the benefits of having downward pressure on costs may be outweighed by widespread negative health outcomes.

Lastly, HB 7174 would limit the instances when insurers and pharmacy benefit managers may initiate clawbacks from pharmacies to those circumstances set forth in General Statutes § 38a-479iii. This provision will result in an indirect benefit to consumers, as pharmacies will no longer be required to increase prices in order to offset the lost revenues incurred by contractual (non-statutory) clawbacks.

Thank you very much for your commitment to addressing this critical issue regarding the costs of healthcare in our society. These important initiatives are the first step in realigning the quality and efficiency of our healthcare system with that of all other advanced economies across the world. If you have any questions concerning my testimony, please feel free to contact me at Ted.Doolittle@ct.gov.